

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
November 8, 2017**

Present:

Treasurer Young Boozer, Chair
Mr. Marc Green for Dr. David Bronner
Mr. Robert Bradley
Mr. Clinton Carter
Mr. Mark Sullivan
Ms. Patti Lambert
Ms. Margaret Gunter for Dr. James Purcell
Gen. Paul Hankins
Dr. Ken Tucker
Ms. Maria Campbell

Absent:

Rep. Bill Poole
Sen. Trip Pittman
Mr. Sandy Hammer
Mr. Jimmy Baker
Ms. Michelle Granberry

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. Dan Sherman, Sherman Actuarial Services
Mr. George McCurdy, Regions
Mr. Larry Ransburgh, Regions

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on November 8, 2017. The meeting was called to order by Chair Young Boozer at 1:08 p.m.

Chair Boozer announced new Board members Dr. Ken Tucker and Michelle Granberry.

Roll was taken with a quorum present.

Chair Boozer presented the minutes of the May 24, 2017 board meeting. A motion for approval of the minutes as presented was made by General Hankins, seconded by Mr. Bradley, with unanimous approval.

Chair Boozer asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations and plan assets as well as the historical report. She presented the budget vs expenditures for fiscal year 2017 along with the budget for fiscal year 2018. She discussed summer and fall tuition payments and stated the

program paid out benefits in the amount of \$12,571,355 to 3818 students from July 1 through September 30. Ms. Kelley said expired accounts were processed on 8/31/17. She also stated that the contract with the current records administrator, HDI Solutions, expires on 7/31/18 and two RFPs were issued, the first being issued on 6/29/17 and the final being issued on 8/7/17. A transfer from the Education Trust Fund in the amount of \$15,000,000 was received on 7/19/17. The report was received as informational.

Chair Boozer called on George McCurdy with Regions to present the quarterly investment report. He discussed the performance of the portfolio versus the benchmark and said the portfolio earned .43% for the quarter and 1.49% year to date and outperformed the benchmark by .09% and .43% respectively. Mr. McCurdy also discussed quarter end balances and presented an economic and financial market update. The report was received as informational.

Chair Boozer called on Dan Sherman with Sherman Actuarial Services to present the annual actuarial report. He stated the asset value as of 9/30/2017 was \$90,881,156 and the number of active contracts was 18,758. Mr. Sherman provided a summary of funding and compared the 9/30/2016 assets and liabilities to the 9/30/2017 numbers and noted the funded ratio was 115.5% compared to the 9/30/2016 of 114.2%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. The report was received as informational.

Mr. Sherman presented proposed actuarial assumptions for FY 18. He stated the proposed assumptions were the same as the assumptions approved during the February 2017 Board meeting; therefore, no changes were being recommended. A motion to approve the proposed assumptions was made by Ms. Campbell, seconded by Mr. Carter, with unanimous approval.

Chair Boozer stated that an RFP was issued on 8/7/17 for records administration due to the current contract with HDI Solutions expiring on 7/31/18. He said responses were received from HDI Solutions, Libera, Inc. and Rolka Loube and presented a spreadsheet that summarized the responses from each firm. HDI Solutions and Libera, Inc. were chosen to make presentations to the RFP Committee on 10/26/17. The firms were evaluated on price, product and customer service, and were asked to present their best and final offer of cost. The recommendation of the RFP Committee was to select Libera. Following discussion by the Board, Chair Boozer presented a resolution to select Libera, Inc. as the records administrator. A motion to approve was made by Gen. Hankins, seconded by Ms. Lambert, with unanimous approval.

Chair Boozer called on Anita Kelley to present information regarding a petition from an account owner requesting an extension to the contract term due to medical reasons. Ms. Kelley provided a summary of the petition. Discussion ensued noting that this request was not extraordinary in nature. A motion to deny the request was made by General Hankins, seconded by Mr. Green. The motion passed with one dissenting vote by Ms. Lambert.

Chair Boozer stated the PACT Board Diversity forms are due by November 30, 2017.

Chair Boozer noted the listing of the 2018 Board Meeting dates.

There being no further business to be discussed, the meeting adjourned at 2:10 p.m.

Anita Kelley, Director

Young Boozer, Chair